

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /099 W
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R 080230Z JUL 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 639

INFO AMEMBASSY JAKARTA

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PLEASE PASS MARITIME ADMINISTRATION, USDOC

E.O. 11652: NA

TAGS: ENRG, JA, ID

SUBJECT: INDONESIAN LNG SHIP INSPECTION(CHEROKEE)

REF: TOKYO 9703

1. FAR EAST OIL TRADING VICE PRESIDENT SARWONO HAS ASKED THAT WE PASS FOLLOWING ON TO INTERESTED USG PARTIES. SARWONO SAID THAT SUCCESSFUL CONCLUSION OF NEGOTIATIONS ON LNG SHIPS 6 AND 7 AND FREIGHT RATES WILL DEPEND ON RESULTS OF NEXT WEEK'S INSPECTION AT QUINCY (REF.) GENERAL DYNAMICS MUST, HE SAID, CONVINCE JAPANESE END-USERS THAT FIRST SHIP WILL BE DELIVERED "ON TIME" AND IN GOOD WORKING ORDER. "ON TIME" MEANS COINCIDENT WITH COMPLETION OF CONSTRUCTION OF FIRST LNG TRAIN IN INDONESIA. THESE FACILITIES, SARWONO SAID, CANNOT BE COMPLETED BEFORE MAY 1977, BUT JAPANESE WOULD HAVE NO BASIS TO RENEGOTIATE THE CONTRACT BECAUSE THEY SIGNED A MEMORANDUM LAST MARCH ACKNOWLEDGING THAT THE COMPLETION DATE WAS CONTINGENT ON NO DELAY IN DISBURSEMENTS OF JAPANESE

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FINANCING. NEGOTIATIONS ON THE LNG COST OVERRUN TOOK

TWO MONTHS TO COMPLETE AND RESULTED IN AT LEAST ONE MONTH'S DELAY IN DISBURSEMENTS.

2. TALKS WITH BURMA TANKERS WILL FOLLOW IMMEDIATELY AFTER INSPECTION TEAM LEAVES QUINCY. THAT THE JAPANESE DID NOT ACCEPT OR REFLECT BURMA TANKERS 7-1/2 CENT PRICE HIKE PROPOSAL INDICATES, IN SARWONO'S VIEW, THAT THE JAPANESE HAVE BEEN UNABLE TO GET A BETTER RATE ELSEWHERE. SARWONO DOES NOT KNOW WHAT THE JAPANESE WILL DO IF THE INSPECTION CONVINCES THEM THAT GENERAL DYNAMICS CANNOT DO THE JOB ADEQUATELY, BUT HE NOTED THAT THREE LNG SHIPS ARE CURRENTLY UNDER CONSTRUCTION IN JAPAN.
HODGSON

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Message Attributes

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Margaret P. Grafeld
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